

*New law closes overseas contractor fraud loophole, requires disclosure of contractor compensation packages*

Washington, DC - Two government contracting bills sponsored by Rep. Peter Welch became law today when President Bush signed the 2008 supplemental appropriations bill, which incorporates the provisions of both Welch initiatives.

The first bill closes the multi-billion dollar overseas contractor fraud loophole, while the second requires that companies conducting over 80 percent of their business with the federal government disclose compensation packages for their most highly-paid officers.

"The creation of a loophole by the Bush administration that protects overseas contractors engaged in fraud proved to be both inexplicable and indefensible. This new law forces the administration to prioritize the protection of taxpayer dollars in the context of an explosion of overseas contractors that has occurred on this president's watch," said Welch. "No contractor should be given a green light to defraud taxpayers."

Last fall, the Justice Department drafted a rule seeking to crack down on waste, fraud, and abuse in government contracts. The rule requires contractors to report internal fraud or overpayment on government-funded projects. However, just before publication, the rule was inexplicably modified to exempt "contracts to be performed outside the United States."

On March 7, 2008, after learning about the loophole, Welch requested an investigation by the House Oversight and Government Reform Committee, on which he serves. On April 4, Welch introduced the "Close the Contractor Fraud Loophole Act," H.R. 5712, to require all contractors, regardless of where the work is performed, to be subject to fraud reporting requirements. A subcommittee of the Committee held an investigatory hearing on the loophole and Welch's bill on April 15. On April 16 the bill was approved by the full committee. The bill passed the House of Representatives with bipartisan support by a voice vote on April 23.

Welch added, "This investigation and new law highlight the importance of aggressive congressional oversight to assure accountability and the protection of taxpayer dollars."

A second Welch initiative, the Government Contractor Accountability Act, H.R. 3928, was also included in the supplemental appropriations bill signed into law today by the president. Introduced by Rep. Chris Murphy and Welch, this new law requires all companies that receive more than 80 percent of their annual gross revenue from federal funds to disclose the salaries of their most highly-compensated officers. The Murphy-Welch bill stems from an exchange between Welch and Blackwater CEO, Erik Prince, during a 2007 oversight committee hearing on Blackwater activities in Iraq.

"The number of private contractors doing government work has exploded during the Bush presidency," said Welch. "As agents of our government, contractors need to be held accountable for their actions and they need to be transparent in the way they operate. Taxpayers have a right to know this information just as shareholders have the right to know the compensation of corporate managers in publicly traded companies."